

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 22316
[Redacted],)	
)	
Petitioners.)	DECISION
_____)	

On August 20, 2009, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayers) proposing income tax, penalty, and interest for taxable years 2004 and 2005 in the total amount of \$3,871.

On October 22, 2009, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not respond to the Tax Commission's hearing rights letter and have provided nothing further for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau (Bureau) found, through a matching program [Redacted] that the taxpayers may have had a filing requirement with the state of Idaho for taxable years 2004 and 2005. The Bureau sent the taxpayers a letter asking about their requirement to file 2004 and 2005 Idaho individual income tax returns. The taxpayers responded with a request for forms and instructions for those years. The Bureau sent the taxpayers the necessary forms and instructions and waited for the taxpayers to file their returns.

When it was evident the taxpayers were not going to provide the requested returns, the Bureau obtained additional information [Redacted] and prepared returns for the taxpayers. The Bureau sent the taxpayers a Notice of Deficiency Determination based upon those returns, which the taxpayers protested. The taxpayers stated their Idaho income tax returns would be submitted within twenty days from the date of their protest.

The Bureau allowed the additional time, but when that date came and went and subsequent requests went unanswered, the Bureau referred the matter for administrative review. The Tax Commission reviewed the matter and sent the taxpayers a letter that discussed the options available for redetermining a protested Notice of Deficiency Determination. The taxpayers failed to respond. The Tax Commission, seeing that the taxpayers had sufficient time to submit additional information or to file their returns, decided the matter based upon the information available.

The taxpayers did not contest their requirement to file Idaho income tax returns. The information obtained [Redacted] showed the taxpayers received income in both 2004 and 2005 well in excess of the filing threshold amount provided in Idaho Code section 63-3030. Therefore, based upon the taxpayers not arguing their requirement to file and the information provided on the taxpayers' federal income tax returns, the Tax Commission finds the taxpayers did have a requirement to file Idaho individual income tax returns.

In Idaho, a State Tax Commission deficiency determination is presumed to be correct, and the burden is on the taxpayer to show that the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). The taxpayers failed to produce anything to show the returns prepared by the Bureau were incorrect. The taxpayers did not meet their burden.

The Tax Commission reviewed the returns the Bureau prepared and found them to be a reasonable representation of the taxpayers' Idaho taxable income based upon the information available. Therefore, the Tax Commission upholds the Bureau's determination of the taxpayers' taxable income for 2004 and 2005.

The Bureau added interest and penalty to the taxpayers' Idaho tax. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046.

WHEREFORE, the Notice of Deficiency Determination dated August 20, 2009, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$ 818	\$205	\$280	\$1,303
2005	1,777	444	502	<u>2,723</u>
			TOTAL DUE	<u>\$4,026</u>

Interest will continue to accrue at the rate set forth in Idaho Code section 63-3045.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayers' right to appeal this decision is enclosed.

DATED this _____ day of _____ 2010.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____ 2010, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[Redacted]

Receipt No.
